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WILLIAMSON ACT INFORMATION

The following questions and answers are offered to provide information about the California Land Conservation Act of 1965 -- commonly known as the Williamson Act -- as amended, the Farmland Security Zone legislation of 1998, and Revenue and Taxation Code provisions relative to the valuation of agricultural and open-space land enrolled in Williamson Act Contracts.

1. What does the Williamson Act achieve?

The California Legislature passed the Williamson Act in 1965 to preserve agricultural and open-space lands by discouraging premature and unnecessary conversion to urban uses. The Act authorizes local governments and property owners to enter voluntarily into contracts to commit land to specified agricultural uses for 10 or more years. Once committed, the land is valued as open-space land pursuant to open-space valuation laws (Revenue and Taxation Code Sections 421 et seq.). Generally, this means that taxes for the farmer or rancher are reduced, sometimes greatly.

2. What is an Agricultural Preserve?

In Mono County an Agricultural Preserve is an area devoted to agricultural and compatible uses. Preserves are regulated by rules and restrictions designated by resolution of the Board of Supervisors to ensure that the land within the preserve is maintained for agricultural or open-space use (Government Code Section 51230).

3. What is a Land Conservation Contract?

A Land Conservation Contract, also referred to as a Williamson Act Contract, is the legal document that obligates the property owner, and any successors of interest, to the contract's enforceable restrictions (Government Code 51240).

4. How many acres are required for a Williamson Act Contract?

As of late 2000, Mono County had established its first Agricultural Preserve, in Bridgeport Valley. Additional Agricultural Preserves for Northern Antelope Valley, Long Valley, Oasis, and the Tri-Valley area were expected to be in place by June 2001. Landowners outside County-designated preserves may file an application to establish additional preserves.

The minimum parcel size within these preserves is 40 acres of prime land (Government Code Section 51230). Two or more parcels may be combined if contiguous and in common ownership. Prime land includes land that rates class I or class II in the Natural Resource Conservation Service land use capability classifications; land that rates 80-100 in the Storie Index Rating; land that supports livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre; or land that produces a crop with an annual gross value of at least \$200/acre for three out of five years (Government Code Section 51201). Section B1b of the Rules of Procedure to Implement the California Land Conservation Act of 1965 gives a more detailed explanation of prime land.

5. Who is eligible to participate in the program?

Generally, lands given the Land Use Designation of Agriculture (AG) may be eligible for a Williamson Act Contract, depending on the use of the land. The land must be considered prime land, which is defined as land that rates class I or class II in the Natural Resource Conservation Service land use capability classifications; land that rates 80-100 in the Storie Index Rating; land that supports

livestock used for the production of food and fiber and that has an annual carrying capacity equivalent to at least one animal unit per acre; or land that produces a crop with an annual gross value of at least \$200/acre for three out of five years. The land does not need to be irrigated to qualify.

6. Is there a standard procedure to initiate a Williamson Act Contract?

Property owners may apply for a contract at the Mono County Community Development Department in Mammoth Lakes or Bridgeport, or call 760-924-1800 for application forms and instructions. The deadline for submission of applications is Oct. 15 in order for contracts to take effect the following Jan. 1.

7. What happens to a Williamson Act Contract upon sale of the property?

A Williamson Act Contract runs with the land and is binding upon all successors in interest of the landowner. Encumbrance holders of all recorded mortgages and deeds of trust must consent to the property owners' participation in the program. (Government Code Section 51243)

8. How long must land be maintained under a land conservation agreement?

The contract is for 10 years and is automatically renewed each year, thereby maintaining a constant 10-year contract, unless the landowner gives written notice of non-renewal at least 90 days before the renewal date, or at least 60 days before the renewal date if given by Mono County (Government Code Section 51244).

9. How does non-renewal work?

A Notice of Non-Renewal starts a nine-year non-renewal period. Either the County or the landowner can initiate the process. At the end of the nine-year non-renewal process, the contract will be terminated (Government Code Section 51244).

The valuation formula used in determining the assessment is based on state law. If the landowner gives notice, the annual tax assessments will gradually increase, eventually reaching that of non-restricted land. Usually, the greatest percentage increase occurs during the first year. If the County gives notice, there is no effect on taxes for the first five years; after that, assessments will increase.

10. Can the contract be cancelled?

Immediate cancellation of the contract can take place only by mutual agreement between the County and the owner after a public hearing and a determination by the Board of Supervisors that cancellation is in the public interest or is consistent with the purposes of the Williamson Act. There is no right to cancel the contract. The existence of an opportunity for another use of the property is not sufficient reason for cancellation. The Board of Supervisors can consider the uneconomical character of an existing use only if the property cannot be put to a use specified in the resolution establishing the preserve where the property is located. Also, it is not possible to cancel the contract by paying additional or back taxes based on non-Williamson Act assessments (Government Code Section 51282).

The Supreme Court has stated that cancellation is not appropriate where the objectives served by cancellation could be served by non-renewal (*Sierra Club v. City of Hayward* [1981] 28 Cal.3d 840, 852-853). Cancellation is reserved for unusual and emergency situations. Therefore, the nine-year non-renewal process has been identified as the legally preferred method for terminating a Williamson Act Contract.

11. What is the cancellation fee?

The County Assessor will determine the cancellation valuation of the land, which is based on the current fair market value of the land as though it were free of the contractual restriction. Prior to giving tentative approval to the cancellation of any contract, the Board of Supervisors will determine and certify to the County Auditor the amount of the cancellation fee that the landowner will pay the County Treasurer as deferred taxes upon cancellation. The cancellation fee shall be equal to 12.5% of the unrestricted fair market value of the property, which accrues to the State of California. An additional \$1,000 fee to Mono County is also levied. The portion of the cancellation fee that accrues to Mono County will be utilized to cover the cost of processing the cancellation, including the cost of

public hearing, staff time, and environmental review, and should act as a disincentive to canceling Land Conservation Act contracts. Cancellation will not become effective until the fee is paid and any other stipulated conditions have been met (Government Code Section 51283).

B. Once a contract is signed, must the landowner continually maintain agricultural use in order to keep the agreement valid?

Yes. Failure to meet the conditions of the contract may be considered a breach of contract. The County may seek legal remedies and/or the agreement may not be renewed (Government Code Section 51243).

C. Can contracted land be transferred?

Yes. Provisions of the contract are binding on all transferees of the owner and the County.

D. What limitations on land use are imposed by the contract?

Land use will be limited and controlled by the rules of the Agricultural Preserve adopted by resolution of the Board of Supervisors. The rules will prescribe the commercial agricultural uses permitted and other compatible uses, which would include agricultural laborer housing facilities, among other uses. In addition, the property is subject to the regulations of the zoning ordinance. The following principles of compatibility are mandatory when determining compatible uses for prime agricultural land:

- a. The use will not significantly compromise the long-term productive agricultural capability of the subject contracted parcel(s) or on other contracted lands in agricultural preserves.
- b. The use will not significantly displace or impair current or reasonably foreseeable agricultural operations on the subject contracted parcel(s) or on other contracted lands in agricultural preserves. Uses that significantly displace agricultural operations on the subject contracted parcel(s) may be deemed compatible if they relate directly to the production of commercial agricultural products on the subject contracted parcel(s) or neighboring lands, including activities such as harvesting, processing, or shipping.
- c. The use will not result in the significant removal of adjacent contracted land from agricultural or open-space use (Government Code Section 51238.1).

E. What method of property valuation is used for land enrolled in a Williamson Act Contract?

Section 423 of the Revenue and Taxation Code provides that land subject to an enforceable restriction shall be valued by the capitalization of income method. The capitalization rate shall not be derived from sales data and shall be the sum of three components: 1) the interest component; 2) a risk component; and 3) a property tax component. In addition, the lowest of three valuations is used for determining the property tax: 1) restricted value; 2) 85% of factored base year value; or 3) current market value.

F. Will property owners be required to provide any basis for assessments based on agricultural value?

Yes. The Assessor may require that an owner annually file an income tax statement for the contracted land.

G. What are the provisions to facilitate a Lot Line Adjustment?

The parties to a contract may mutually agree to rescind the contract and simultaneously enter into a new contract. The Board of Supervisors must make specific findings in order to approve a Lot Line Adjustment. (Government Code Section 51257)

H. What land uses are permitted within an Agricultural Preserve?

The Rules of Procedure to implement the Williamson Act of 1965 specify the uses that will be permitted within an Agricultural Preserve (see Table 2). Generally, any commercial agricultural use will be permitted within an Agricultural Preserve. In addition, the County will identify compatible uses that will be allowed with a Use Permit (Government Code Section 51230).

I. **What happens to the contract in the event of an eminent domain action?**

Upon the filing of eminent domain for condemnation, or acquisition in lieu of eminent domain, the restrictions will be removed on the land actually condemned or acquired.

J. **What happens if the owner fails to comply with the terms and conditions of the contract?**

In the case of a breach of contract, the County may seek a court injunction to enforce the terms of the contract. Where the breach of contract is a violation of land use restrictions, normal zoning enforcement provisions will also apply (Government Code Section 51251).

K. **What is a Farmland Security Zone (FSZ)?**

In August 1998, the California Legislature enhanced the Williamson Act by providing a vehicle for greater protection of agricultural land in exchange for increased tax benefits for landowners interested in establishing FSZ contracts. The FSZ legislation authorizes landowners to petition the Board of Supervisors to rescind their existing Williamson Act Contract in favor of a new FSZ contract. For land not currently in a Williamson Act Contract, the Board of Supervisors may allow enrollment of the land into a standard Williamson Act Contract, then authorize the immediate rescission of that contract in favor of an FSZ contract.

Land subject to an FSZ contract is valued at 65% of its Williamson Act value, or its (1978) Proposition 13 value, whichever is lower. In addition to the 65% assessment value, the FSZ legislation requires that new special taxes for urban-related services be levied at an unspecified reduced rate on land enrolled in an FSZ contract, unless the tax directly benefits the land or the living improvements on the land.

The FSZ legislation prohibits the annexation of land enrolled in an FSZ contract to a city or a special district that provides nonagricultural services or for use as a public school site. Additionally, a Local Agency Formation Commission (LAFCO) is prohibited from annexing or otherwise obtaining control of land subject to an FSZ contract, except under very limited circumstances.

An FSZ contract is in effect a minimum of 20 years. Like a Williamson Act Contract, the contract is automatically renewed each year, providing for a rolling 20-year contract. Also like Williamson Act Contracts, an FSZ contract may be non-renewed, with the termination period being 20 years rather than 10. An FSZ contract may also be cancelled, but the provisions are stricter and the penalty fee much higher than for a standard Williamson Act Contract (Government Code Section 51296).

CALIFORNIA LAND CONSERVATION (WILLIAMSON) ACT PROGRAM APPLICATION & PROCEDURAL INFORMATION

I. INTRODUCTION

The objective of this program, as provided by the California Land Conservation Act of 1965, also known as the Williamson Act, is to protect agricultural land for continued production of food, fiber and other agricultural uses. This Act authorizes local governments and property owners to voluntarily enter into contracts to commit land to specified agricultural uses for 10 or more years, with reduced property tax benefits to the landowner.

Any landowner of agricultural land may apply for a Williamson Act contract by completing the attached form. After review of the application, the Planning Division will send the landowner/applicant a contract to be completed by the landowner and signed by the Chair of the County Board of Supervisors. Landowners of parcels currently contained within designated Agricultural Preserves will need to complete only the contract. Landowners of parcels not currently within designated Agricultural Preserves will need to apply for the designation of a new preserve. The Planning Division will send these landowners/applicants the appropriate paperwork to be completed for the designation of a new Agricultural Preserve. Upon receipt of the Agricultural Preserve application, the Planning Division will schedule a public hearing to review the designation. If the new Agricultural Preserve is approved, the landowner may then enter into a Williamson Act contract.

All Williamson Act contracts must be completed by Oct. 15 and recorded prior to Jan. 1 in order to be effective for the following tax year. The contract completion date may be extended up to 60 days (through Dec. 15) at the discretion of the Mono County Board of Supervisors.

II. APPLICATION PACKET SHALL CONSIST OF:

- A. Original of completed Agricultural Preserve/Land Conservation (Williamson) Act Contract Application.
- B. Copy of Assessor's Parcel Map showing property involved. This map may be obtained from the Mono County Assessor's office in Bridgeport, or by calling 760-932-5510.
- C. Copy of a site plan drawn to scale showing property dimensions, approximate size and location of improvements, and land use.
- D. Original of a title report issued by a title insurer. This report shall not be more than 90 days old and shall be in letter-size format (8.5" x 11").
- E. Application fees made payable to Mono County Community Development Department as follows:
 - a. Land Conservation (Williamson) Act Application fee of \$100 plus an additional \$100 environmental exemption fee.
 - b. Agricultural Preserve Application fee of \$200, if applicable. The applicant may be subject to additional charges if the application is incomplete or requires corrections.

More on back...

III. APPLICATION REVIEW PROCEDURE:

A. **Preapplication conference between county staff and applicant.** A conference can be requested by staff or the applicant for complex applications or for an application that may generate significant public controversy.

B. **Application packet submitted to the Planning Division.**

C. **Staff review of the application packet.** If the application is determined to be incomplete, the applicant will be notified of the deficiencies. If the application is deemed complete, the applicant will be sent the Land Conservation (Williamson) Act contract and, if necessary, the appropriate paperwork to apply for designation of a new Agricultural Preserve.

D. **Completed Land Conservation (Williamson) Act contract submitted to Planning Division.** If the land under contract is within an already-designated Agricultural Preserve, then the process is complete at this point.

If a new Agricultural Preserve is to be designated, then in addition to the Williamson Act contract, the applicant must also provide the supporting documentation as defined in the Agricultural Preserve paperwork. The Planning Division will then schedule a public hearing for the designation of a new Agricultural Preserve. Every attempt will be made to schedule the hearing within 30 days of receipt of completed applications.

E. **Board of Supervisors public hearing.** Following a staff presentation and additional public testimony, the Board will make its determination on the designation of a new Agricultural Preserve. Upon approval, the applicant's Williamson Act contract may then be finalized and recorded. The applicant's attendance at the hearing is vital to provide the Board with additional information and to answer questions.

AGRICULTURAL PRESERVE/ LAND CONSERVATION (WILLIAMSON) ACT CONTRACT APPLICATION

APPLICATION # _____ FEE \$ _____
 DATE RECEIVED _____ RECEIVED BY _____
 RECEIPT # _____ CHECK # _____ (NO CASH)

APPLICANT/AGENT _____

ADDRESS _____ CITY/STATE/ZIP _____

TELEPHONE (_____) _____ E-MAIL _____

PROPERTY DESCRIPTION:

ASSESSOR'S PARCEL # _____

GENERAL PLAN DESIGNATION _____

APPLICATION TYPE:

0 Enter into Williamson Act contract or amend contract for property in existing preserve

0 Amend existing preserve and contract (e.g., add property or parcels to preserve and enter into new contract)

0 Establish new preserve and enter into Williamson Act contract

Date of existing Williamson Act contract, if applicable _____

EXISTING LAND USES:

TYPE

ACREAGE

IRRIGATED CROPS

DRY FARM CROPS

DRY-LAND GRAZING

OPEN GRASSLAND

MODERATE TREE COVER

DENSE WOODLAND

More on back...

	<u>TYPE</u>	<u>ACREAGE</u>
OTHER USES (mining, recreation)	_____	_____
	_____	_____
	_____	_____
UNUSED (open space)	_____	_____
	_____	_____
	_____	_____

EXISTING AGRICULTURAL INFORMATION:

IRRIGATED LAND:

Irrigation well production _____ gpm Well depth _____ feet
 Storage tank capacity _____ gallons Other water impoundments _____ acre-feet
 Irrigation method _____
 Multiple cropping: Number of irrigated crops harvested on same acreage each year _____

ORCHARDS:

Year planted _____ Present commercial production _____ tons/acre
 Anticipated production at full bearing _____ tons/acre

DRY-FARM GRAIN AND HAY:

Planted every year? Yes ☐ No ☐ If not, how often? _____

GRAZING:

Type of livestock _____
 Number of head normally grazed on property _____ Property is fenced: Yes ☐ No ☐
 Water source for livestock _____
 During which months is the land grazed? _____ through _____

OTHER USES:

Other animals, nursery, or specialty uses? _____
 Proposed changes to the agricultural uses in the near future? Please describe: _____

I CERTIFY UNDER PENALTY OF PERJURY THAT I am: ☐ legal owner(s) of the subject property (all individual owners must sign as their names appear on the deed to the land), ☐ corporate officer(s) empowered to sign for the corporation, or ☐ owner's legal agent having Power of Attorney for this action (a notarized "Power of Attorney" document must accompany the application form), AND THAT THE FOREGOING IS TRUE AND CORRECT.

 Signature Signature Date